BEST'S MARKET SEGMENT REPORT

Our Insight, Your Advantage™

July 19, 2023

Egyptian Insurance Market: Resilience in Spite of Difficult Economic Conditions

Lower business and consumer confidence may impact demand for insurance products and present challenges for insurance market growth.

Principal takeaways:

- With interest rates and inflation continuing to rise, the Egyptian insurance market is finding it difficult to sustain growth rates in real terms
- Large state-owned insurers dominate the life and non-life segments, which forces smaller insurers to be more competitive, and puts pressure on pricing adequacy
- New Insurance Act is expected to impact the insurance market positively through increased capital requirements and a more flexible process for introducing best practice governance requirements

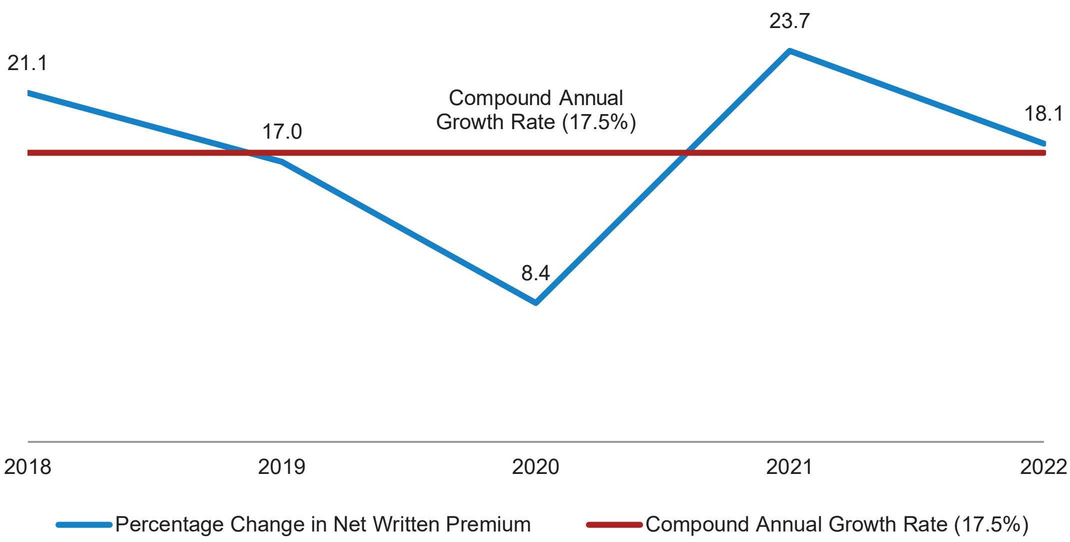
In 2023, the Egyptian insurance market is proving resilient in the face of challenging economic conditions in the country. Over the previous five years, the sector has grown by a compound annual rate of 17.5% per annum, as measured in net written premiums (NWP) denominated in Egyptian pounds (EGP), with 2022 marking the sixth consecutive year of growth.

As the insurance market is only moderately dependent on foreign reinsurance, NWP is considered a reasonable indicator for market growth in the context of risk retained in Egypt.

Exhibit 1

Egyptian Insurance Market – Market Growth by Net Written Premium, 2018-2022

(% change based on local currency - EGP)



Sources: Best's Statement File - Global

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2023-091

In real terms, the rise in premium has been lower, due to a fall in the value of the Egyptian pound. Nevertheless, when the increase is measured in US dollars (USD), growth has been strong at 16.7% per annum on a compound annual basis (but will be muted in the short-term, following the devaluations in the Egyptian pound that took place in 2022 and 2023).

AM Best expects premium growth to persist in the coming years, supported by the potential for mandatory insurance products, and the digitalisation of distribution, which can increase insurance penetration (albeit from a low base).

Approximately 40 companies are licensed to operate in the Egyptian insurance market, with non-life companies outnumbering life insurers.

The non-life segment is dominated by the state-owned Misr Insurance Company, which commands a market share of 40%, helped by its long-standing market presence and well-developed distribution network. Mid-tier participants, such as GIG Insurance, Orient Takaful and Allianz Insurance Co have gained higher market shares in recent years and have successfully sustained their growth.

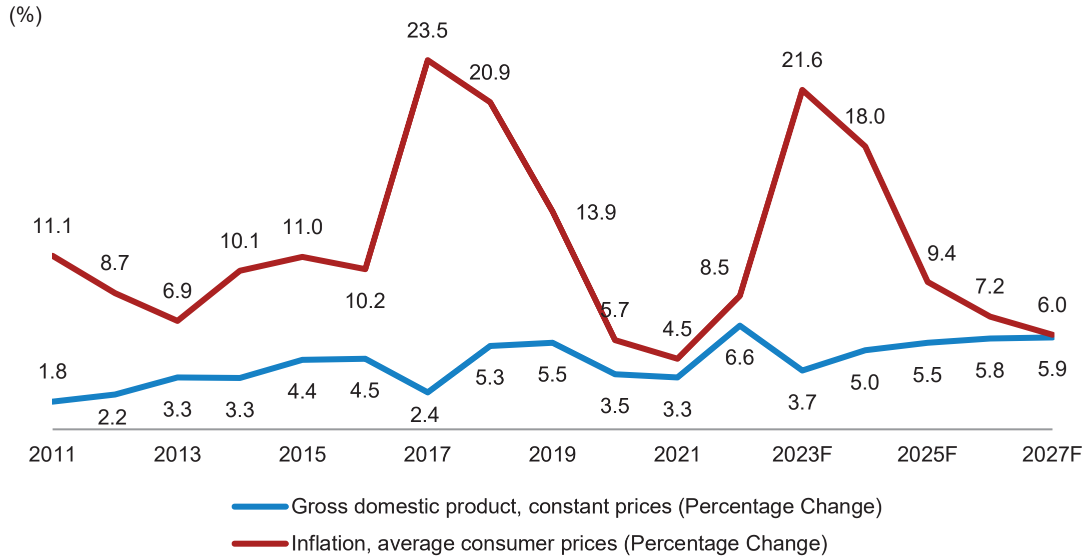
For the life segment, the state-owned Misr Life Insurance Company dominates with a share of around 45%. There are three other material players in the life segment, however each has a market share of only between 10% and 17%.

Since March 2023 state-owned insurers have been governed under the Private Companies Law, rather than the Public Enterprise Law. AM Best believes that this should allow them to be more flexible in how they manage their operations and further enhance their competitive position.

Difficult Economic Conditions Negatively Impacting Insurers

Egypt's gross domestic product (GDP) achieved 6.6% growth in the 2022 fiscal year (1 July 2021 – 30 June 2022), higher than most emerging markets, as the effects of the COVID-19 pandemic continued to wane (see **Exhibit 2**).

Exhibit 2
Egypt – Economic Growth, 2011-2027



Source: International Monetary Fund, World Economic Outlook Database, April 2023

However, a lower rate of GDP growth is forecast by the International Monetary Fund (IMF) for 2023, due to the high financing costs the country is facing, the continued backlog of imports, as well as a rationing of foreign currency following the depreciation of the Egyptian pound.

Following the macroeconomic challenges in the second half of 2022 and the first half of 2023, lower business and consumer confidence may impact demand for insurance products and present challenges for insurance market growth.

Inflation continues to run high due to global supply chain challenges and the consequences of the conflict in Ukraine, surpassing 25% in calendar year 2022. Egypt is heavily reliant on wheat and oil imports.

Inflation also has a negative impact on insurance market growth as customer purchasing power is diminished. Additionally, rising prices of imported motor replacement parts pushes up claims payments. However, competitive pressures limit insurers' ability to pass on higher costs to policyholders.

In order for the domestic economy to adjust more smoothly to external shocks and in the face of declining currency reserves, Egypt negotiated a rescue loan with the IMF. An Extended Fund Facility (EFF) of around USD 3 billion was approved in December 2022.

An immediate disbursement of USD 347 million was made, which helped Egypt to meet its balance of payments needs and provided support to its budget. The EFF is expected to reach USD 14 billion from international and regional partners. A prerequisite for the loan was the implementation of monetary policy measures by the Central Bank of Egypt. That resulted in three currency devaluations—in March 2022, in October 2022, and most recently in January 2023. During the 2022 calendar year, the Egyptian pound lost more than 60% of its value.

Egypt's agreement with the IMF requires it to permanently transition to a floating exchange rate. Until the start of 2022, the central bank supported a targeted currency rate using its foreign currency reserves.

AM Best's view is that the country has not fully transitioned to a floating exchange rate regime, however, actions taken by the central bank are expected to meet IMF requirements. Corrections to the exchange rate are expected in the remainder of 2023, which will likely further devalue the Egyptian pound.

Domestic insurers predominantly underwrite their business in the local currency and devaluation is not expected to impact their risk exposures. However, it is widespread practice for insurers to hold investments in foreign currency-denominated deposits and government bonds, in order to insulate their balance sheets from decline in asset valuations when measured in foreign currencies. With further devaluations of the Egyptian pound expected in 2023, companies are likely to continue to hold sizable portions of their investments in foreign currency-denominated assets.

The reluctance of Egypt's central bank to allow for a sharper devaluation of the domestic currency led to an outflow of foreign investments in 2022, as investors feared losses in value from investments exposed to the Egyptian pound. This resulted in higher yields on treasury securities.

In its response to inflationary pressures, Egypt's central bank has increased its key policy rate by 700 basis points in the period November 2022 to April 2023. Rising global interest rates have also placed additional strain on the country's ability to fund its fiscal deficit, and the government has reduced its subsidies in an attempt to increase the sustainability of its fiscal situation.

In addition, the government hopes to attract over USD 10 billion from the sale of state-owned assets to local or foreign private investors. In AM Best's view, the potential for losses should there be further domestic currency devaluations will make it challenging to attract investors.

Life Insurance – Bancassurance Remains the Main Distribution Channel

Egypt's life insurance segment is highly concentrated, with the largest four companies accounting for 90% of NWP (see **Exhibit 3**). Misr Life Insurance Company holds a strong position in the endowments segment. The next three largest companies, Allianz Life Assurance Co - Egypt SAE, AXA Life Insurance Egypt SAE and MetLife Life Insurance Company, are predominantly focused on unit-linked and health insurance products.

Life insurance is primarily distributed through bancassurance agreements as banks have larger branch networks and greater access to individual customers in remote areas.

According to local regulatory rules, each bank is only allowed to have a bancassurance agreement with a single life insurer. The duration of these agreements usually exceeds five years. Misr Life and Allianz work with the largest retail banks in Egypt.

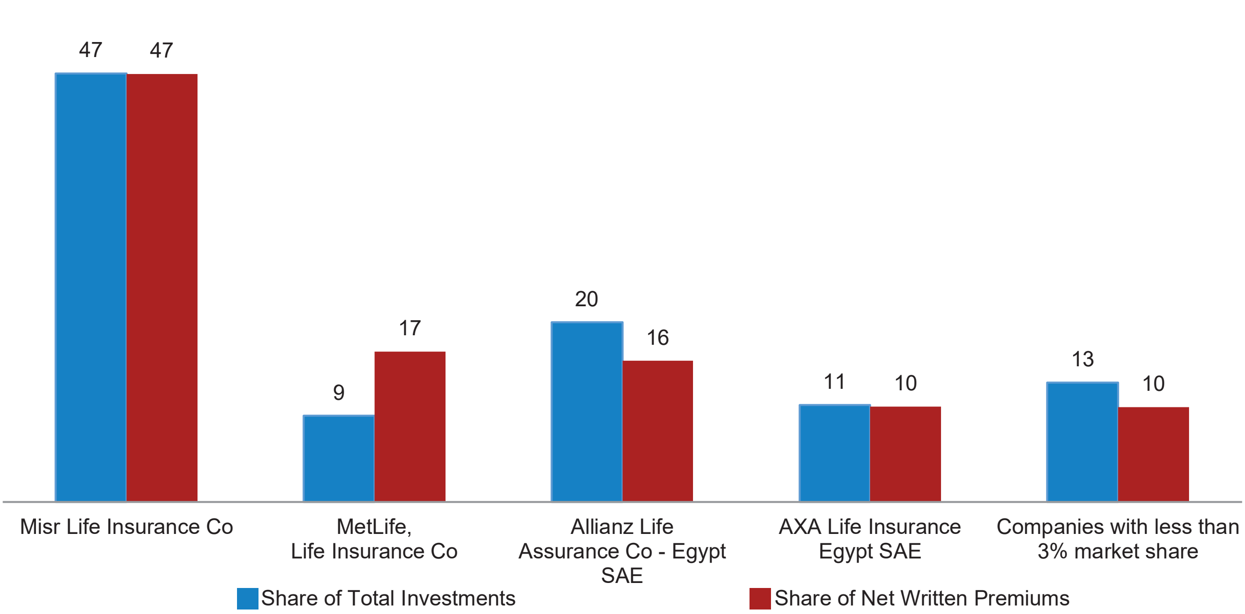
As is common in many emerging insurance markets, the life insurance sector is hindered by a low level of personal income and a poor awareness of life insurance products. Microinsurance is a little explored product, although, over the long term, it may become an attractive solution for customers with low disposable income. Relatively low life expectancy also limits the demand for life insurance products.

AM Best notes that insurance penetration for the life segment remains low when compared with other nations in the Middle East and North Africa region (see **Exhibit 4**). The principal reasons for this is a lack of insurance awareness and understanding among the public, combined with economic

Exhibit 3

Egyptian Insurance Market – Life Segment Market Split by Net Written Premiums and Total Investments, 2022

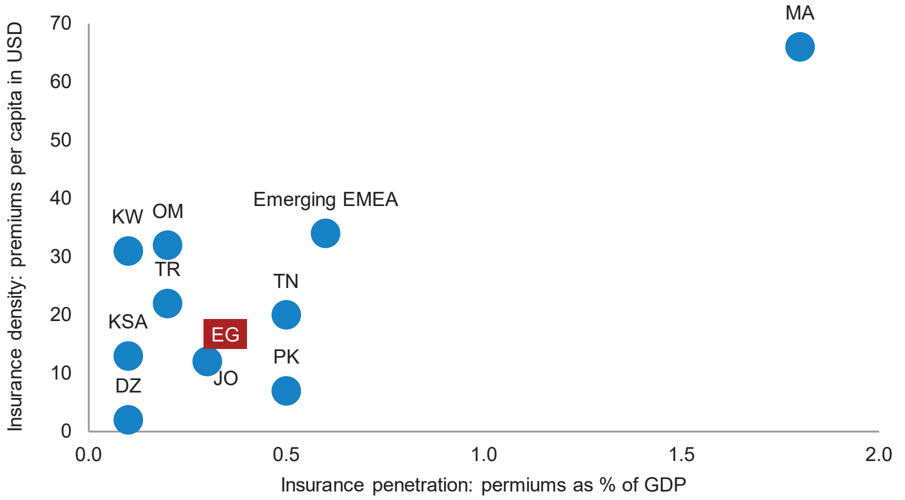
(%)



Source: *Best's Statement File - Global* turbulence in the aftermath of the political instability that followed the 2011 social unrest.

However, over the past five years (2018-2022), the Egyptian life segment's NWP has grown by a compound annual rate of approximately 20%, both when reported in Egyptian pounds and US dollars.

Exhibit 4
Egyptian Insurance Market – Life Segment Market Penetration
(%)



MA- Kingdom of Morocco; UAE - United Arab Emirates; TN- Republic of Tunisia; JO - Hashemite Kingdom of Jordan; OM - Sultanate of Oman; KSA - Kingdom of Saudi Arabia; TR - Republic of Türkiye; KW - State of Kuwait; PK - Islamic Republic of Pakistan; DZ - People's Democratic Republic of Algeria; EG - Arab Republic of Egypt
Source: Swiss Re sigma 4/2022

Cumulative total investments have grown by a compound annual rate of roughly 15%, with cumulative capital and surplus growth lagging at approximately 10% per annum.

Significant growth was driven by the introduction of products with lower levels of coverage and the gradual stabilisation of the economy. Growth continued through the pandemic as people became more aware of health risks. However, economic challenges prompted by higher inflation and currency devaluation are expected to restrict the market's expansion in 2023.

While AM Best expects the market to grow in terms of NWP in 2023 when measured in Egyptian pounds, when measured in US dollars, premium is expected to be flat or to shrink slightly due to the rapid devaluation of the local currency experienced in previous years.

Overall profitability of the life sector has been robust with a weighted average return on equity of approximately 20% for the period 2018-2022 (ahead of average inflation and the central bank policy rate). The good average return on equity was mainly driven by healthy investment returns (as mentioned above) on the large blocks of assets that life insurers have accumulated over time relative to their equity base.

Regulatory restrictions on foreign investment, combined with an underdeveloped domestic equities market, limit Egyptian life insurers' investment options. Consequently, investment portfolios are dominated by deposits with local banks and Egyptian government bonds. A muted investment return on a weighted average basis for the period 2018-2022 of 6% is materially below the average central bank policy rate for the same period, due to unrealised losses from increasing policy rates.

Over the last five years the Central Bank of Egypt had limited issuances of long-term bonds, with the longest duration being 15 years. All issuances were oversubscribed. This has led to a scarcity of domestic long-term fixed income securities, and life insurers typically have liabilities with a longer duration compared to the duration of their investments. With rising interest rates in the second half of 2022, insurers recorded unrealised losses and lower asset valuations, which negatively affected capitalisation.

However, the insurance segment retains liquidity as a substantial portion of investments are held in deposits. This should alleviate the need to sell fixed income securities and realise the accumulated investment losses. On a positive note, reinvestment in higher-yielding securities should boost investment income, partially offsetting the impact of inflation.

Overall, AM Best considers the Egyptian life insurance segment's growth opportunities as promising, as improving health awareness and medical care increase life expectancy. In addition, a forecasted higher ratio of working-age adults (see **Exhibit 5**) will likely lead to a greater demand for savings and protection insurance.

However, a key challenge for life insurers will be ensuring that their investment products remain attractive in a rising interest rate environment. They are competing with banks that are able to increase deposit interest rates more quickly in response to higher central bank rates than life insurers, who tend to offer products with longer lock-in periods.

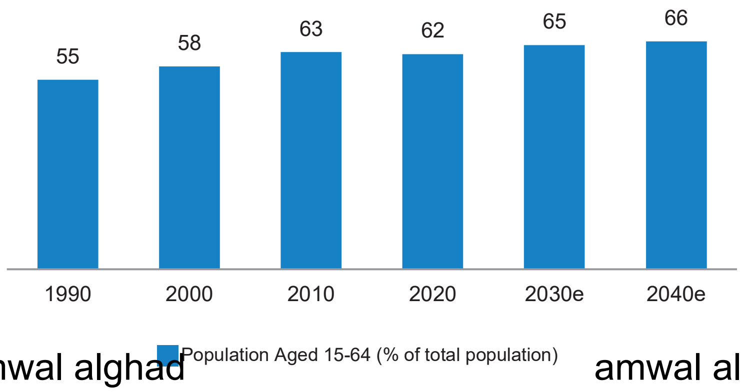
Non-life Segment is Set for Continued Growth, Helped by Investment in Technological Capabilities

After Misr Insurance Company the next three largest companies have market shares of between 5% and 8% (see **Exhibit 6**).

Exhibit 5

Egypt – Population Aged 15-64, 1990-2040

(% of total population)

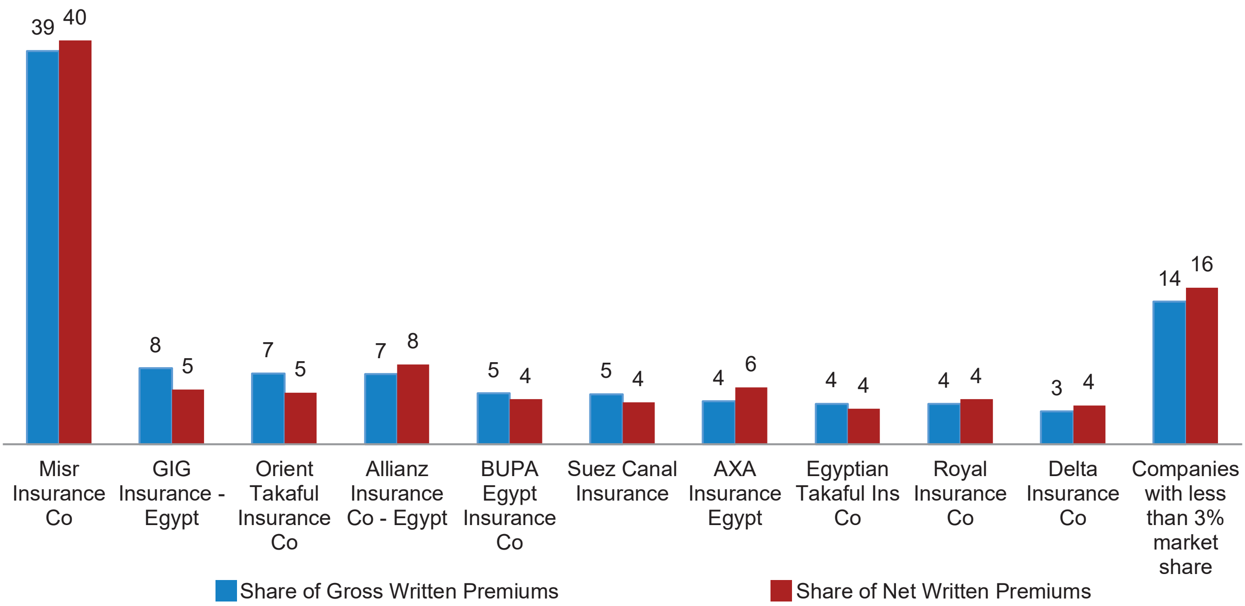


Source: International Monetary Fund, World Economic Outlook Database, April 2023

Exhibit 6

Egyptian Insurance Market – Non-Life Segment Market Split by Gross Written Premiums and Net Written Premiums, 2022

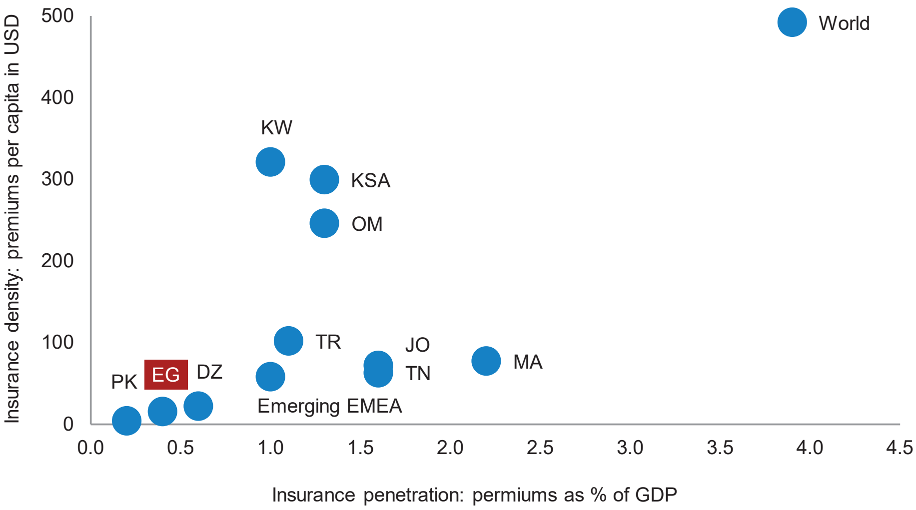
(%)



Source: Best's Statement File - Global

In the year to 30 June 2022, the non-life segment grew by a compound annual rate of approximately 15% and it is expected that this trend will continue over the medium term, when measured in local currency terms.

Exhibit 7
Egyptian Insurance Market – Non-Life Segment Market Penetration
(%)



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Source: Swiss Re sigma 4/2022

Motor business dominates the non-life segment and has grown rapidly in recent years, driven by an uptick in the number of registered vehicles and an increase in consumer awareness of the importance of insurance coverage. Together, comprehensive motor and motor third-party liability comprise approximately 20% of the segment's NWP.

In 2019, the Egyptian regulator introduced a new Motor Act, which included the formation of a market pool in which all domestic insurers willing to underwrite that line of business participate. The aim of the pool was to reduce fraud and to ease competition. In 2020, the regulator introduced a market pool for compulsory travel insurance. The Financial Regulatory Authority (FRA) considers such actions to have had a positive impact on the market and similar practices could be introduced for other lines such as professional indemnity and liability.

Despite the existence of several mandatory insurance products, non-life insurance penetration remains low compared with neighbouring countries and other emerging markets (see **Exhibit 7**). AM Best believes that this is driven by low awareness levels of insurance.

In AM Best's view, a wider introduction of online sales capabilities should support better penetration through ease of access and more affordable pricing.

However, while investment in digitalisation increased significantly during and after the COVID-19 pandemic, in 2023 the online sales channel remains at an early stage of development in an industry that has historically been dependent on direct agents. AM Best expects it will be some time before online sales become a substantial contributor to overall sales.

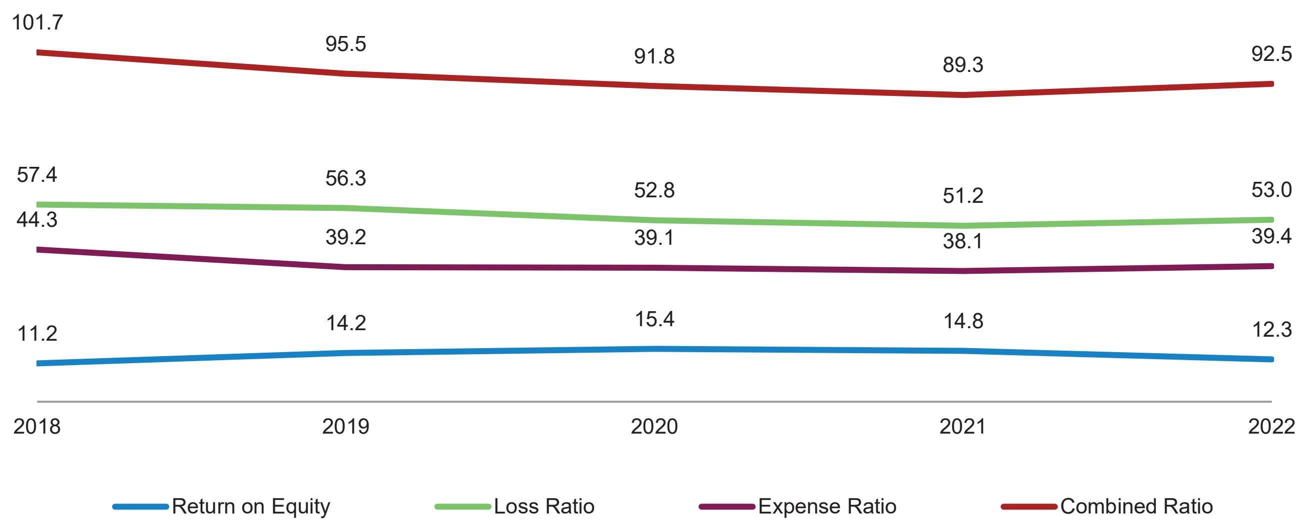
The non-life segment's underwriting is profitable, demonstrated by overall combined operating ratios below 100% over the period 2019-2022 (see **Exhibit 8**). Profitability had already started to improve in 2019 and was further helped by the lower claims occurrence that stemmed from the decreased economic and social activity during the pandemic-related lockdowns in 2020 and 2021.

AM Best expects the loss ratio to return to pre-pandemic levels in the medium term, driven by the limited ability of insurers to raise rates in a very competitive market.

Exhibit 8

Egyptian Insurance Market – Non-Life – Market Profitability, 2018-2022

(% Weighted Average)



Sources: Best's Statement File - Global

Traditional distribution channels will continue to play an important role, and companies will need to invest in employee and agent training in an attempt to change the mindset of their distribution and underwriting teams to prioritise online sales.

Cost savings could be sought through enhanced use of technology solutions, which should also increase insurers' servicing capabilities. In AM Best's view, companies that invest in these solutions should be in a better position to compete and realise efficiencies. Larger companies are expected to lead the pack as they have more resources, however, smaller, more nimble companies might take advantage of the opportunities that technology presents to grow their market shares.

At 13.8% the average five-year weighted return on equity is lagging behind the central bank policy rate rise, which was increased to 18.75% in April 2023 to combat increasing inflation. This could put pressure on capital inflows from shareholders as they look for more profitable investment opportunities elsewhere.

Natural Catastrophe Exposure under Scrutiny

Egypt is exposed to natural catastrophe events such as floods and droughts. Increased frequency in recent years has prompted insurance companies to pay more attention to these risks and mitigate their impact on earnings through adjusted pricing or additional reinsurance. Currently, there is no sophisticated catastrophe loss model for Egypt and companies usually limit their exposure based on accumulation of total sums insured compared to available capital.

Egyptian non-life insurers generally have a moderate reliance on reinsurance with an average retention of 58.1% in the period 2018-2022. In particular, insurers rely on reinsurance to write larger risks in commercial property, engineering and marine lines in order to protect their balance sheets from large claims. As a consequence, the industry has been affected by the material price increases demanded by reinsurers over the past two years. AM Best believes that due to higher prices and increased attachment points, it is likely that some market participants will have to increase risk retention, potentially beyond previously set risk tolerances.

Health Insurance – The Market is Expected to Undergo an Overhaul

In 2018, the Universal Health Insurance Law was passed with the aim of introducing compulsory medical coverage for all citizens. The implementation process is taking place over six phases, with each phase focusing on a different region. The system is currently operating in Port Said, Luxor, Ismailia, and the South Sinai Governorate. The first phase will finish when Aswan and Suez are also covered. The Egyptian Ministry of Health and Population estimates that almost five million people have already joined the scheme, with the expectation that by the end of 2023 roughly 16 million people will be covered. Full coverage of the population is not expected to be achieved until 2027 at the earliest.

Under the law, employed persons are required to pay a premium from their monthly salary into the scheme, with an extra payment for an unemployed spouse and each child. Employers are mandated to make a separate monthly contribution. This government scheme is not considered an insurance product and is not expected to close the gap between the quality of healthcare services provided by the public and private health care sectors.

It is likely that demand for private healthcare insurance will be negatively impacted over time as the part of the population on lower incomes will not look for additional health insurance, and stick to what the public scheme offers. However, improved coverage and access to better services will continue to support the attractiveness of private health insurance among consumers with above average disposable incomes, or those covered by corporate sponsored policies.

Legislative Changes and New Accounting Standards are Expected to Impact Insurers

In 2023, a new Insurance Act is expected to be approved by the country's House of Representatives and enforced shortly thereafter. Key provisions include increasing minimum capital requirements for insurers based on the lines of business written, and the introduction of a separate health insurance licence.

AM Best expects the introduction of higher minimum capital requirements to be positive for the overall capital adequacy of the sector. In addition, smaller insurers that do not meet the requirements may face significant pressure to merge if they are unable to raise sufficient additional capital. Market consolidation could be a positive for the Egyptian market if a resultant reduction in competition helps alleviate pricing pressure and improves underwriting discipline.

The new act will also impact companies that write health insurance. Currently, only holders of a non-life insurance licence can underwrite short-term health insurance, while long-term health insurance can only be written by life insurers.

With the new legislation, a separate health insurance licence will be introduced. Companies that want to obtain a licence will need to incorporate new corporate entities that upon being licenced will be able to underwrite both long- and short-term health insurance. This change may lead to a market restructuring in a line that is seen to have good growth potential, particularly as the pandemic has increased consumers' focus on health insurance coverage.

In contrast to the existing legislation, the new Insurance Act supports principles-based regulation, and more power will be granted to the FRA to devise and implement specific regulatory requirements. This should improve the flexibility of the regulator, which has ambitions to introduce international best practices around solvency, reserve requirements and corporate governance that are better aligned with individual insurers' risks. AM Best expects these changes to encourage the development of domestic insurers' risk management, which at present is often nascent.

In addition to new legislation, insurance companies in Egypt are also having to adopt new accounting standards—IFRS 9 'Financial Instruments' (EAS 47) and IFRS 17 'Insurance Contracts' (EAS 50). IFRS 9 specifies how an insurer should classify and measure its financial assets, while IFRS 17 defines the accounting of insurance contracts.

In contrast to more mature insurance markets, where regulators have allowed insurers to delay IFRS 9 implementation so as to be aligned with IFRS 17, the FRA has required Egyptian insurers to implement IFRS 9 in advance of IFRS 17.

The new impairment model under IFRS 9 that was implemented at year-end June 2022 is based on expected credit losses and is significantly different from the previous incurred loss model under IAS 39. All financial assets in the scope of the impairment model, including premium receivables, will generally carry a loss allowance. Under the new model, insurers may have larger and more volatile provisions for impairment losses. To mitigate any adverse impact on their balance sheets, the FRA required companies to set aside a provision of 1% of total assets as at 30 June 2021. Following implementation in fiscal year 2022, this provision was seen to be sufficient.

Currently, there is an expectation that the implementation of IFRS 17 will be complete by 30 June 2024 as mandated by the FRA. The two-year gap between the implementation of IFRS 9 and IFRS 17 is seen as sufficient to allow insurers to deal with any implementation challenges of the two financial reporting standards. While subsidiaries of international insurers have an advantage as parent companies are likely to have already gone through extensive preparative exercises, it is noted that domestically owned companies rely predominantly on external expertise, which could potentially lead to an increase in costs.

AM Best-Rated Insurers in the Egyptian Market

Best's Credit Rating Methodology (BCRM) provides a comprehensive explanation of AM Best's rating process. Key rating factors—including an insurer's balance sheet strength, operating performance, business profile, and enterprise risk management (ERM)—are qualitatively and quantitatively evaluated during the rating process. Full details of the process can be found in *Best's Credit Rating Methodology (BCRM)* on AM Best's website.

Exhibit 9

Egypt – AM Best-Rated Companies

(Ratings as of June 20, 2023)

AMB #	Company Name	Best's Long-Term Issuer Credit Rating (ICR)	Best's Financial Strength Rating (FSR)	Best's ICR & FSR Action	Best's ICR & FSR Outlook	Rating Effective Date
90946	GIG Insurance - Egypt S.A.E.	bbb+	B++	Affirmed	Stable	6-Oct-22
85257	Misr Insurance Co	bbb	B++	Affirmed	Stable	15-Dec-22
92571	Misr Life Insurance Co	bbb	B++	Affirmed	Stable	15-Dec-22
94093	Orient Takaful Insurance Co (S.A.E.)	a+	A	Affirmed	Stable	7-Jun-23
91123	Suez Canal Insurance	bb-	B-	Affirmed	Negative	17-May-23

Source: Best's Financial Suite - Global

Exhibit 10

Egypt – AM Best-Rated Companies – Comments

(Ratings as of June 20, 2023)

AMB #	Company Name	Date	AM Best Comment
90946	GIG Insurance - Egypt S.A.E.	6-Oct-22	The stable outlooks reflect AM Best's expectation that GIG-Egypt will maintain risk-adjusted capitalisation comfortably at the strongest level, as measured by BCAR, supported by continued solid underwriting performance and the retention of earnings. The company's business profile is expected to remain broadly stable, with gross written premium increasing steadily.
85257	Misr Insurance Co	15-Dec-22	The stable outlooks on the ratings reflect AM Best's expectation that risk-adjusted capitalisation will remain comfortably at the strongest level, as measured by BCAR, supported by internal capital generation underpinned by technical profitability that will persist in the medium term. The company is expected to maintain its market-leading position.
92571	Misr Life Insurance Co	15-Dec-22	The stable outlooks are underpinned by the expectation that risk-adjusted capitalisation will remain comfortably at the strongest level, as measured by BCAR, supported by internal capital generation. The company is expected to continue generating strong technical profitability, supported by the its leading market position.
94093	Orient Takaful Insurance Co (S.A.E.)	7-Jun-23	The stable outlooks are underpinned by the expectation that risk-adjusted capitalisation will remain at the strongest level as measured by BCAR, supported by strong internal capital generation and a stable dividend policy. Orient is expected to remain one of the leaders in its local market and continue demonstrating very strong operating and underwriting performance as it executes its strategic plan.
91123	Suez Canal Insurance	17-May-23	The negative outlooks reflect pressure on SCI's risk-adjusted capitalisation, as measured by BCAR, from potential macroeconomic deterioration, as the company is exposed to a high level of economic and political risk and a very high level of financial system risk in Egypt. The negative pressure is exacerbated by underwriting losses in recent years. Failure to maintain BCAR at least at the very strong level over the short term, or to improve underwriting performance over the medium term, could result in a rating downgrade.

Source: Best's Statement File - Global, AM Best data and research

AM Best rates a number of insurers in the Egyptian insurance market (see **Exhibit 9**). These include the market leaders in both the non-life and life segments.

AM Best's rating outlooks that accompanied the most recent rating actions for these companies can be seen in **Exhibit 10**. Where the outlooks are Stable, it can be seen that these reflect AM Best's expectation that the insurers will maintain their risk-adjusted capitalisations comfortably at the strongest level, as measured by its Best's Capital Adequacy Ratio (BCAR).

AM Best's National Scale Ratings for Egypt

In June 2023, AM Best released its revised criteria procedure, "Best's National Scale Ratings" (NSR), which is effective immediately. The NSR is a relative opinion of an insurance company's financial strength within a single country. NSRs are constructed based on the financial characteristics of (re)insurers that are domiciled in the country, and to an extent, mitigate country-specific limiting factors in the global rating analysis.

The revisions to the criteria procedure, formerly known as "AM Best's Ratings on a National Scale," include the introduction of NSRs for five countries (including Egypt). These new NSRs will allow greater differentiation among insurance participants in their respective markets.

Exhibit 11

AM Best National Scale Ratings (NSR) – Egypt National Scale Mapping

ICR	Egypt NSR
bb	aaa.EG
bb-	aa+.EG to aa.EG
b+	aa-.EG to a.EG
b	a-.EG to bbb+.EG
b-	bbb.EG to bbb-.EG
ccc+	bb+.EG to bb-.EG
ccc	b+.EG to b.EG
ccc-	b-.EG to ccc+.EG
cc	ccc.EG to cc.EG
c	c.EG

Visit AM Best's Methodology pages for further details.

Source: AM Best

The mappings of the new tables from the global Issuer Credit Rating (ICR) to the NSR can be seen in **Exhibit 11**, and in the updated rating criteria (see *AM Best's Rating Methodologies pages*).

For more information about AM Best's National Scale Ratings in Egypt, please contact Vasilis Katsipis, General Manager - MENA, South & Central Asia on +44 971 4375 2782 or *vasilis.katsipis@ambest.com*.

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Best's Financial Strength Rating (FSR): an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. An FSR is not assigned to specific insurance policies or contracts.

Best's Issuer Credit Rating (ICR): an independent opinion of an entity's ability to meet its ongoing financial obligations and can be issued on either a long- or short-term basis.

Best's Issue Credit Rating (IR): an independent opinion of credit quality assigned to issues that gauges the ability to meet the terms of the obligation and can be issued on a long- or short-term basis (obligations with original maturities generally less than one year).

Best's National Scale Rating (NSR): a relative measure of creditworthiness in a specific local jurisdiction that is issued on a long-term basis and derived exclusively by mapping the NSR from a corresponding global ICR using a transition chart.

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